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appeal is taken, the initial decision becomes the action of the Commission 20 days after it is issued. If the adjudicative officer is the entire Commission, § 1115.3 applies.

[54 FR 26380, June 23, 1989]

§ 1016.310 Judicial review.

Judicial review of final Commission decisions on awards may be sought as provided in 5 U.S.C. 504(c)(2).

§ 1016.311 Payment of award.

An applicant seeking payment of an award shall submit to the appropriate official of the paying agency a copy of the Commission's final decision granting the award, accompanied by a statement that the applicant will not seek review of the decision in the United States courts. Where the award is granted against the Interstate Commerce Commission the applicant shall make its submission to the Secretary, Interstate Commerce Commission, Washington, DC 20423. The Commission will pay the amount awarded to the applicant within 60 days of the applicant's submission unless the judicial review of the award or of the underlying decision of the adversary adjudication has been sought by the applicant or any other party to the proceeding.

PART 1017—DEBT COLLECTION— COLLECTION BY OFFSET FROM INDEBTED GOVERNMENT AND FORMER GOVERNMENT EMPLOY- EES

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49 CFR Ch. X (10–1–96 Edition)

AUTHORITY: 31 U.S.C. 3716, 5 U.S.C. 5514; Pub. L. 97-365; 4 CFR parts 101–105; 5 CFR part 550.

SOURCE: 56 FR 32333, July 16, 1991, unless otherwise noted.

§ 1017.1 Purpose and scope.

(a) These regulations set forth guidelines for implementing the Debt Collection Act of 1982 at the Interstate Commerce Commission (ICC). The purpose of the Act is to give agencies the ability to more aggressively pursue debts owed the Federal Government and to increase the efficiency of government-wide efforts to collect debts owed the United States. The authority for these regulations is found in the Debt Collection Act of 1982 (Pub. L. 97-365 and 4 CFR 101.1 et seq.), Collection by Offset From Indebted Government Employees (5 CFR 550.1101 et seq.), Federal Claims Collection Standards (4 CFR 101.1 et seq.), and Administrative Offset (31 U.S.C. 3716).

(b) These regulations provide procedures for administrative offset of a Federal employee's salary without his/her consent to satisfy certain debts owed to the Federal Government. The regulations covered in this part apply to all current and former Federal employees who owe debts to the Commission and to current Commission employees who owe debts to other Federal agencies. The regulations set forth herein do not apply when the employee consents to recovery from his/her current pay account.

(c) These regulations do not apply to debts or claims arising under:

- (1) The Social Security Act;
- (2) The Internal Revenue Code of 1954;
- (3) The tariff laws of the United States; or

(4) Any case where a collection of a debt by salary offset is explicitly provided for or prohibited by another statute.

(d) These regulations also do not preclude the compromise, suspension, or termination of collection action, where appropriate, under the standards implementing the Federal Claims Collection Act (31 U.S.C. 3711 et seq., 4 CFR 101.1 et seq.). These regulations do not preclude an employee's requesting a waiver of a salary overpayment (i.e., alleged indebtedness) under 5 U.S.C.

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5584, 10 U.S.C. 2774, or 32 U.S.C. 716, or in any way questioning the amount or validity of a debt by submitting a claim to the General Accounting Office (GAO), or requesting a waiver under statutory provisions pertaining to the particular debt.

(e) The Commission's regulations governing debt collection for entities and individuals who are not current or former government employees are contained in 49 CFR part 1018.

[56 FR 32333, July 16, 1991, as amended at 58 FR 7749, Feb. 9, 1993]

§ 1017.2 Definitions.

For the purposes of these regulations, the following definitions will apply:

(a) *Agency*. An executive agency as defined at 5 U.S.C. 105, including the U.S. Postal Service; the U.S. Postal Rate Commission; a military department as defined at 5 U.S.C. 102; an agency or court in the Judicial Branch; an agency of the Legislative Branch, including the U.S. Senate and House of Representatives; and other independent establishments that are entities of the Federal Government.

(b) *Creditor agency*. The agency to which the debt is owed.

(c) *Debt*. An amount of money or property which has been determined by an appropriate agency official to be owed to the United States from any person.

(d) *Disposable pay*. The amount that remains from an employee's Federal pay after required deductions for social security; Federal, State, or local income taxes; health insurance premiums; retirement contributions; life insurance premiums; Federal employment taxes; and any other deductions that are required to be withheld by law.

(e) *FCCS*. The Federal Claims Collection Standards jointly published by the Justice Department and the General Accounting Office at 4 CFR 101.1 et seq.

(f) *Hearing official*. The official responsible for conducting a hearing which is properly and timely requested by the debtor. An Administrative Law Judge shall be responsible for conducting the hearing and the Chief Administrative Law Judge shall determine

which judicial official will be assigned the hearing.

(g) *Paying agency*. The agency that employs the individual who owes the debt and authorizes the payment of his/her current pay.

(h) *Administrative offset*. The withholding of monies payable by the United States to or held by the United States on behalf of an employee to satisfy a debt owed the United States by that employee.

(i) *Waiver*. A cancellation, forgiveness, or non-recovery of a debt allegedly owed by an employee or former employee to the agency as permitted or required by law.

§ 1017.3 Applicability.

These regulations are to be followed when:

(a) The Commission is owed a debt by a current employee;

(b) The Commission is owed a debt by an individual currently employed by another Federal agency;

(c) The Commission employs an individual who owes a debt to another Federal agency; and

(d) The Commission is owed a debt by an employee who separates from Federal Government service. The authority to collect debts owed by former Federal employees is found in the FCCS and 31 U.S.C. 3716.

§ 1017.4 Notice requirements.

(a) Deductions shall not be made unless the employee is provided with written notice, signed by the debt collection official (Chief, Fiscal Services Branch), of the debt at least 30 days before administrative offset commences.

(b) The written notice to current Federal employees shall be hand delivered if at headquarters or sent certified mail, return receipt requested, if located in a field office and shall contain:

(1) A statement that the debt is owed and an explanation of its nature and amount;

(2) The agency's intention to collect the debt by means of deduction from the employee's current disposable pay account;

(3) The amount, frequency, proposed beginning date, and duration of the intended deduction(s);

(4) An explanation of interest, penalties, and administrative charges, including a statement that such charges will be assessed unless excused in accordance with the FCCS (4 CFR 101.1 et seq.);

(5) The employee's right to inspect, request, and copy Government records relating to the debt (if an employee is unable to physically inspect the Government records, the agency will reproduce copies of the records and may charge for those copies);

(6) If not previously provided, the opportunity (under terms agreeable to the creditor agency) to establish a schedule for the voluntary repayment of the debt or to enter into a written agreement with the agency to establish a schedule for the voluntary repayment of the debt in lieu of offset. The agreement must be in writing, signed by both the employee and the creditor agency, and documented in the creditor agency's files (4 CFR 102.2(e));

(7) The right to a hearing conducted by an impartial hearing official concerning the existence or amount of the debt and the repayment schedule, if it was not established by a written agreement between the employee and the creditor agency;

(8) The method and time period for petitioning for a hearing;

(9) A statement that the timely filing of a petition for a hearing (on or before the 15th day following receipt of the written notice) will stay the commencement of collection proceedings, together with instructions on how and where to file a petition;

(10) A statement that a final decision on the hearing (if one is requested) will be issued not later than 60 days after the filing of the petition requesting the hearing unless the employee requests, and the hearing official grants, a delay in the proceedings;

(11) A statement that knowingly false or frivolous statements, representations, or evidence may subject the employee to appropriate disciplinary procedures and criminal penalties (i.e., for false certification, etc.);

(12) A statement of other rights and remedies available to the employee under statutes or regulations governing the program for which the collection is being made; and

(13) Unless there are contractual or statutory provisions to the contrary, a statement that amounts paid on or deducted for the debt which are later waived or found not owed to the United States will be promptly refunded to the employee.

(c) The written notice to former Federal employees shall be sent certified mail, return receipt requested, and shall contain:

(1) A statement that the debt is owed and an explanation of its nature and amount;

(2) The agency's intention to collect the debt by administrative offset against amounts due and payable to the debtor from the Civil Service Retirement and Disability Fund or by use of a collection service to recover the delinquent debt;

(3) An explanation of interest, penalties, and administrative charges, including a statement that such charges will be assessed unless excused in accordance with 4 CFR 101.1 et seq.;

(4) The former employee's rights to inspect, request, and copy Government records relating to the debt (if the former employee is unable to physically inspect the Government records, the agency will reproduce copies of the records and may charge for those copies);

(5) The opportunity to enter into a written agreement with the agency to establish a schedule for the voluntary repayment of the debt;

(6) The right to a hearing conducted by an impartial hearing official concerning the existence or amount of the debt and the repayment schedule, if it was not established by a written agreement between the former employee and the creditor agency;

(7) The method and time period for petitioning for a hearing;

(8) A statement that the timely filing of a petition for a hearing (on or before the 15th day following receipt of the written notice) will stay the commencement of collection proceedings, together with instructions on how and where to file a petition;

(9) A statement that a final decision on the hearing will be issued not later than 60 days after the filing of the petition requesting the hearing unless the former employee requests, and the

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hearing official grants, a delay in the proceedings;

(10) A statement that knowingly false or frivolous statements, representations, or evidence may subject the former employee to appropriate criminal penalties (i.e., for false certification, etc.);

(11) A statement of other rights and remedies available to the former employee under statutes or regulations governing the program for which the collection is being made; and

(12) Unless there are contractual or statutory provisions to the contrary, a statement that amounts paid on or deducted for the debt which are later waived or found not owed to the United States will be promptly refunded to the former employee.

§ 1017.5 Hearing procedures.

(a) Upon the Administrative Law Judge's determination of an employee's compliance with § 1017.4(b)(8) or § 1017.4(c)(7) of this part, whichever is applicable, he/she shall set the time, date, and location for the hearing, paying due consideration to convenience to the employee.

(b) All significant matters discussed at the hearing shall be documented, although a verbatim transcript of the hearing shall not be made.

(c) The Administrative Law Judge may exclude any evidence he/she deems irrelevant, immaterial, or unduly repetitious.

(d) Any party to a hearing under these regulations is entitled to present his or her case or defense by oral or documentary evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts.

(e) The Commission has the initial burden of proof as to the existence and amount of the debt.

(f) The employee requesting the hearing shall bear the ultimate burden of proof.

(g) The evidence presented by the employee must prove that no debt exists or cast sufficient doubt that reasonable minds could differ as to the existence or amount of the debt.

(h) Where the employee files a petition for a hearing contesting the offset schedule imposed by the Commission,

the Administrative Law Judge shall take into consideration all relevant factors as to the employee's financial situation in determining whether said offset schedule should be altered.

(i) Any party to a hearing under these regulations is entitled to be accompanied, represented, and advised by counsel, as well as to appear in person or by or with counsel.

(j) The Administrative Law Judge shall issue a final written decision at the earliest practicable date, but not later than 60 days after the filing of the petition requesting the hearing, as stated in § 1017.4(b)(10) or § 1017.4(c)(9) of this part, whichever is applicable.

§ 1017.6 Result if employee fails to meet deadlines.

An employee will not be granted a hearing and will have his/her disposable pay offset in accordance with the Commission's offset schedule if the employee:

(a) Fails to file a petition for a hearing in conformity with the requirements of § 1017.4(b)(8) or § 1017.4(c)(9) of this part, whichever is applicable. However, failure to file within the requisite time period set out in § 1017.4(b)(8) or § 1017.4(c)(9) of this part whichever is applicable, will not result in denial of a hearing or in immediate offset, if the Administrative Law Judge excuses the late filing if the employee can show that the delay was because of circumstances beyond his/her control or because of failure to receive notice of the filing deadline.

(b) Is scheduled to appear and fails to appear at the hearing without good cause.

§ 1017.7 Written decision following hearing.

(a) Written decisions provided after a request for a hearing will include:

(1) A statement of the facts presented to support the nature and origin of the alleged debt;

(2) The Administrative Law Judge's analysis, findings, and conclusions, in light of the hearing, concerning the employee's or the Commission's grounds;

(3) The amount and validity of the alleged debt; and

(4) The repayment schedule (including percentage), if applicable.

(b) The Administrative Law Judge's decision does not preclude an employee from requesting a waiver of a salary payment under 5 U.S.C. 5584, 10 U.S.C. 2774, or 32 U.S.C. 716, or in any way questioning the amount or validity of a debt by submitting a subsequent claim to GAO in accordance with procedures prescribed by GAO.

§ 1017.8 Exception to entitlement to notice, hearing, written responses and final decisions.

The Commission shall except from the provisions of § 1017.4 through § 1017.7 any adjustment to pay arising out of an employee's election of coverage or a change in coverage under a Federal benefits program, requiring periodic deductions from pay, if the amount to be recovered was accumulated over four pay periods or less.

§ 1017.9 Coordinating offset with another Federal agency.

(a) *The Commission as creditor agency.* When the Chief, Budget and Fiscal Office, determines that an employee of another Federal agency owes a delinquent debt to the Commission, he/she shall:

(1) Arrange for a hearing upon proper petitioning by the employee;

(2) Certify in writing to the other Federal agency that the employee owes the debt, the amount and basis of the debt, the date on which payment is due, the date the Government's right to collect the debt accrued, that the Commission's regulations for administrative offset have been approved by the Office of Personnel Management, and that the provisions of 4 CFR 102.3(f) have been fully complied with;

(3) If collection must be made in installments, advise the paying agency of the amount or percentage of disposable pay to be collected in each installment;

(4) Advise the paying agency of any action taken under 5 U.S.C. 5514(a);

(5) If the employee is in the process of separating, the Commission must submit its debt claim to the paying agency as provided in this part. The paying agency must certify any amounts already collected, notify the employee, and send a copy of the cer-

tification and notice of the employee's separation to the creditor agency—if the paying agency is aware that the employee is entitled to money from the Civil Service Retirement and Disability Fund, it must certify to the Office of Personnel Management (OPM) that:

(i) The debtor owes the U.S. a debt, including the amount of that debt;

(ii) The Commission has complied with the applicable statutes, regulations, and procedures of OPM; and

(iii) The Commission has complied with the requirements of 4 CFR 102.3, including any hearing or review; and

(6) If the employee has already separated and all payments due from the paying agency have been paid, the Chief, Budget and Fiscal Office, may request from OPM, unless otherwise prohibited, that money payable to the employee from the Civil Service Retirement and Disability Fund or other similar funds be collected by administrative offset and provide the certification described in paragraph (a)(5) of this section.

(b) *The Commission as paying agency.*

(1) Upon receipt of a properly certified debt claim from another agency, deductions will be scheduled to begin at the next established pay interval. The employee must receive written notice that the Commission has received a certified debt claim from the creditor agency, the amount of the debt, the date administrative offset will begin, and the amount of the deduction(s). The Commission shall not review the merits of the creditor agency's determination of the validity or the amount of the certified claim.

(2) When the Commission receives an incomplete debt from another (creditor) agency, the Commission must return the debt claim with a notice that procedures under 5 U.S.C. 5514 and 5 CFR 1108 must be provided and a properly certified debt claim received before action will be taken to collect from the employee's current pay account.

(3) If the employee transfers to another agency after the creditor agency has submitted its debt claim to the Commission and before the debt is fully collected, the Commission must certify the total amount collected to the creditor agency, along with notice of the

transfer, and furnish a copy of same to the employee.

§ 1017.10 Procedures for administrative offset.

(a) Debts will be collected in one lump sum where possible. If the employee is financially unable to pay in one lump sum, collection shall be made in installments.

(b) Debts shall be collected by deduction at officially established pay intervals from an employee's current pay account, unless alternative arrangements for repayment are made.

(c) Installment deductions will be made over a period not greater than the anticipated period of employment. The size of installment deductions must bear a reasonable relationship to the size of the debt and the employee's ability to pay. The deduction for the pay intervals for any period shall not exceed 15 percent of disposable pay, unless the employee has agreed in writing to a deduction of a greater amount.

(d) Unliquidated debts may be offset against any financial payment due to a separated employee (including, but not limited to, final salary payment or lump-sum payment for leave).

§ 1017.11 Refunds.

(a) The Commission shall promptly refund any amounts deducted to satisfy debts owed to it when the debt is waived, found not owed to the Commission, or when directed by an administrative or judicial order.

(b) A creditor agency will promptly return any amounts deducted by the Commission to satisfy debts owed to a creditor agency when the debt is waived, found not owed, or when directed by an administrative or judicial order.

(c) Unless required by law, refunds under this subsection shall not bear interest.

§ 1017.12 Statute of limitations.

If a debt has been outstanding for more than 10 years after the agency's right to collect the debt first accrued, the agency may not collect by salary offset unless facts material to the Government's right to collect were not known and could not reasonably have been known by the official or officials

who were charged with the responsibility for discovery and collection of such debts.

§ 1017.13 Nonwaiver of rights.

An employee's involuntary payment of all or any part of a debt collected under these regulations will not be construed as a waiver of any rights that employee may have under 5 U.S.C. 5514 or any other provision of law.

§ 1017.14 Interest, penalties, and administrative costs.

(a) The rate of interest assessed shall be the rate of the current value of funds to the U.S. Treasury (i.e., the Treasury tax and loan account rate), as prescribed and published by the Secretary of the Treasury in the FEDERAL REGISTER and the Treasury Financial Manual Bulletins. A higher rate of interest can be assessed if the Commission can reasonably determine that a higher rate is necessary to protect the interests of the United States. The rate of interest, as initially assessed, shall remain fixed for the duration of the indebtedness, except where a debtor has defaulted on a repayment agreement and seeks to enter into a new agreement. The Commission may set a new interest rate which reflects the current value of funds to the Treasury at the time the new agreement is executed. The Commission shall waive the collection of interest on the debt or any portion of the debt which is paid within 30 days after the date on which interest began to accrue.

(b) The Commission shall assess a penalty charge not to exceed 6 percent a year on any portion of a debt that is delinquent as defined in 4 CFR 101.2(b) for more than 90 days. This charge need not be calculated until the 91st day of delinquency, but shall accrue from the date that the debt became delinquent.

(c) The Commission shall assess against a debtor charges to cover administrative costs incurred as a result of a delinquent debt—that is, the additional costs incurred in processing and handling the debt because it became delinquent as defined in 4 CFR 101.2(b).

(d) When a debt is paid in partial or installment payments, amounts received by the agency shall be applied

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first to outstanding penalty and administrative cost charges, second to accrued interest, and third to outstanding principal.

PART 1018—DEBT COLLECTION

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AUTHORITY: 31 U.S.C. 3701; 31 U.S.C. 3711 *et seq.*; 5 U.S.C. 553; 4 CFR parts 101–105; 49 U.S.C. 10321.

SOURCE: 58 FR 7749, Feb. 9, 1993, unless otherwise noted.

Subpart A—Application and Coverage

§ 1018.1 Application.

(a) This part applies to claims for the payment of debts owed to the United States Government in the form of money or property and unless a different procedure is specified in a statute, regulation, or a contractual agreement with the Commission, prescribes procedures by which the Commission:

(1) Collects, compromises, suspends, and terminates collection actions for claims;

(2) Determines and collects interest and other charges on these claims; and

(3) Refers unpaid claims to the General Accounting Office (GAO) and the Department of Justice (DOJ) for litigation.

(b) The following are examples of the kinds of debts to which special statutory and administrative procedures apply:

(1) A claim against an employee for erroneous payment of pay and allowances subject to waiver under 5 U.S.C. 5584 and other claims against employees which are handled under 49 CFR part 1017.

(2) A claim involving the payment of civil penalties or forfeitures which may